

Agency Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	362.79	7.00	6.50	376.29	7.00	6.50	376.29	376.29
Personal Services	17,573,187	3,385,908	1,104,557	22,063,652	3,453,985	2,014,165	23,041,337	45,104,989
Operating Expenses	21,927,137	8,748,032	601,450	31,276,619	8,599,341	71,947	30,598,425	61,875,044
Equipment	122,112	50,005	250,000	422,117	50,005	0	172,117	594,234
Grants	1,637,948	357,000	171,397	2,166,345	385,000	173,593	2,196,541	4,362,886
Benefits & Claims	0	1,200,000	0	1,200,000	1,200,000	0	1,200,000	2,400,000
Debt Service	1,807	0	0	1,807	0	0	1,807	3,614
Total Costs	\$41,262,191	\$13,740,945	\$2,127,404	\$57,130,540	\$13,688,331	\$2,259,705	\$57,210,227	\$114,340,767
General Fund	3,780,841	2,991,025	932,850	7,704,716	2,794,081	292,226	6,867,148	14,571,864
State/Other Special	17,501,602	5,263,671	888,810	23,654,083	5,291,674	1,296,921	24,090,197	47,744,280
Federal Special	19,979,748	5,486,249	305,744	25,771,741	5,602,576	670,558	26,252,882	52,024,623
Expendable Trust	0	0	0	0	0	0	0	0
Total Funds	\$41,262,191	\$13,740,945	\$2,127,404	\$57,130,540	\$13,688,331	\$2,259,705	\$57,210,227	\$114,340,767

Agency Description

The Department of Environmental Quality is responsible for air, land, and water quality; hazardous waste facilities; underground storage tanks; solid waste management systems; drinking water systems; and mining operations. The department is also responsible for siting and needs analyses of large-scale energy facilities, and is the lead agency for reclamation and clean-up activities related to the federal and state superfund programs.

Agency Highlights

Department of Environmental Quality Major Budget Highlights	
<ul style="list-style-type: none"> ◆ 13.50 FTE are included to address an array of permitting issues, enforcement activities, major facility siting, methamphetamine lab cleanup, and the wetlands program ◆ General fund was provided to improve internal processes, fund remediation at the Upper Blackfoot Mining Complex, and build a passive water treatment operation at Swift Gulch ◆ Increases to base operations include: <ul style="list-style-type: none"> • Base adjustments to account for open positions and delays in federal funding • Remediation activities of \$750,000 per year • \$5.1 million in hard rock bond forfeitures and \$0.9 million in major facility siting activities ◆ \$6.3 million in one-time-only funding is included to provide for: <ul style="list-style-type: none"> • Project management to improve the efficiency of internal systems to improve cash flow • Accelerated remediation activities in the upper Blackfoot mining complex • Orphan share funding for CMC asbestos • Temporary assistance in the air quality program • Contracted services to develop waste water training and guidance materials 	

- Equipment for biofuels testing
- ◆ The indirect rate was changed from a charge against personal services to a charge against personal services and operations to capture indirect rates from divisions with large contracted services but minimal staff.

Summary of Legislative Action

The legislature approved a biennial budget of \$114.3 million. This includes the approval of \$27.3 million of present law adjustments and \$4.3 million in new proposals. New proposals included:

- \$0.5 million of general fund to contract for the construction of a passive water treatment system at Swift Gulch near the Zortman/Landusky remediation site
- \$250,000 in general fund to purchase equipment to test biofuels to be housed at MSU – Northern
- Increased junk vehicle payments to counties of \$344,000 state special revenue.
- Funding switch for coal and uranium permitting from federal funds to state special revenue of \$250,000 each year of the biennium. The state special revenue account is funded with a general fund transfer.

Other major budget proposals include:

- \$5.6 million on base adjustments to account for operational adjustments driven primarily by vacant positions
- \$1.8 million of general fund to improve cash collections and the subdivision review processes
- \$2.0 million to develop a remedial action plan for the Upper Blackfoot Mining Complex
- Increased air quality activities totaling \$1.4 million

Other Legislation:

HB 116 – Revises the distribution of resource indemnity trust interest and resource indemnity groundwater assessments, clarifies use of resource indemnity related funds, and prioritizes expenditures to on-the-ground projects. This legislation impact the department through increases in revenues to the orphan share and the environmental quality protection fund. Additional information is provided below.

HB 259 – Establishes a gray water permit system. Gray water is waste water collected separately from sewage flow and does not contain hazardous waste, industrial chemicals, or waste water from toilets. The development of permit guidelines is anticipated to cost \$10,000.

HB 555 – Establishes a public education program for recycling and disposal of electronic waste. The fiscal impact of this change is estimated at \$16,500 each year of the biennium.

HB 583 – Eliminates the \$50 fee for a new open cut mining permit. This reduces fee revenue to the department by approximately \$3,825 each year of the biennium.

SB261 – Revises funding for the county junk vehicle program to \$1.40 per vehicle. This increases payments to counties by \$344,900 over the biennium.

Agency Discussion

Resource Indemnity Trust (RIT)

Two main activities occurred with the resource indemnity trust (RIT) and related account in the 2007 legislature. 1) The legislature passed and the Governor approved HB116 to revise the allocation of RIT interest and taxes as well as provide clarification regarding the use of the funds. The legislation also included the transfer of general fund to the environmental contingency account and made transfers from the orphan share fund. 2) Through HB 2, HB 6, HB 7, HB 13, HB 63 and HB 131, the legislature appropriated RIT and the Resource Indemnity Groundwater Assessment Tax (RIGWA), along with other resource related taxes, to provide \$31.3 million of biennial support to four agencies and numerous local governmental agencies through grant and loan programs.

Figure 1 illustrates the impacts of HB 116 and appropriations from numerous bills.

Figure 1										
Resource Indemnity Funding										
Related Funds	02010 Oil & Gas	02022 Future Fish	02070 HazWas	02162 EQPF	02216 Wa Sto	02289 GRW	02472 Orphan Share	02577 Projects	02576 Operations	ECA
Beginning FY2007 Fund Balance	\$219,561	\$1,032,311	\$89,346	\$419,457	\$716,170	\$0	\$8,752,332	0	0	631,145
RIT Interest	\$47,000	\$500,000	\$287,300	\$1,363,265		\$300,000				
RIT Additional Interest										
RIT Other										
Excess coal tax proceeds from debt service and										
STIP										
RIGWA						366,000	401,150			
Metal Mines Tax										
Oil and Gas Tax							2,819,890			
FY 2007 Total Revenues & Fund Balance	\$266,561	\$1,532,311	\$376,646	\$1,782,722	\$716,170	\$666,000	\$11,973,372			
FY 2007 Appropriations	(193,099)		(620,221)	(1,119,630)	(374,079)	(666,000)	(4,097,366)			(135,000)
GF Transfer										
Reserved for Capital Appropriations	-	(1,532,311)								
Grant Reversion										
Projected Fund Balance Ending FY 2007	\$73,462	\$0	(\$243,575)	\$663,092	\$342,091	\$0	\$7,876,006		\$3,091,058	\$496,145
RIT Interest - Direct	50,000	1,000,000	404,300	139,950	500,000	600,000	-	7,000,000	1,193,250	350,000
RIGWA			302,000	302,000	150,000	732,000		603,000		
Excess coal tax proceeds from debt service and								250,000		
Short Term Investment Pool - Interest								5,000		
Admin Fees								25,000		
Metal Mines Tax									2,270,000	
Oil and Gas Tax							6,599,000	3,322,000	3,322,000	
Agency Generated Revenues	40,000		18,000	1,512,000	430,000				600,000	
Transfers	50,000		600,000	2,000,000			(6,050,000)	800,000	200,000	
General Fund Transfers							346,145			153,855
Projected Fund Balance Beginning FY 2008	\$213,462	\$1,000,000	\$1,080,725	\$4,617,042	\$1,422,091	\$1,332,000	\$8,425,006	\$12,005,000	\$10,676,308	\$1,000,000
Appropriations for 2009 Biennium										
RRGL and RDGP Programs								11,986,422		
UM-Bureau of Mines						1,332,000			280,000	
DNRC - Centralized Services									343,282	
DNRC - Conservation and Resource Devel.									3,524,687	
DNRC-Water Resources Division					625,000				237,181	
DNRC-Flathead Basin Commission									186,391	
DNRC - Board of Oil & Gas										
DNRC - Forestry/Trust Lands							1,000,000		200,000	
DEQ-Central Management									94,416	
DEQ-Planning, Prevention & Assistance			176,785							
DEQ-Enforcement									8,571	
DEQ-Remediation			58,050	1,495,853			2,435,026			
DEQ-Permitting & Compliance			689,593						3,254,818	
Future Fisheries		1,000,000								
Judiciary-Water Court									1,775,445	
Library Commission-State Library									502,872	
HB 13 Pay Plan			45,706	76,285			2,132		324,733	
HB 63 & HB 131 - Retirement Contribution			901	1,698			48		4,874	
Total Appropriations	\$0	\$1,000,000	\$970,134	\$1,572,138	\$625,000	\$1,332,000	\$3,437,158	\$11,986,422	\$10,732,396	\$0
Ending Fund Balance	\$213,462	\$0	\$110,591	\$3,044,904	\$797,091	\$0	\$4,987,848	\$18,578	(\$56,088)	\$1,000,000

Major changes include:

- Replacement of the renewable resources and reclamation and development funds with a natural resources project fund and a natural resources operations fund to separate grant programs from agencies operations.
- Elimination of the statutory appropriation to MSU Northern
- Reallocation of RIT interest and RIGWA taxes to meet legislative priorities
- Reallocation of oil and gas taxes to maintain funding levels to the orphan share fund
- Expansion of the use of the Governor-controlled environmental contingency account

Biennial transfers of funds include:

- HB 116 transfers general fund of \$346,000 to the orphan share and \$153,855 to the environmental contingency account
- Transfers from the orphan share, including:
 - \$50,000 to the Board of Oil and Gas for abandoned well plugging
 - \$600,000 to the hazardous waste fund to offset a potential negative ending fund balance
 - \$2.0 million to the environmental quality protection fund to provide up front cash for state superfund activities that are cost recoverable
 - \$800,000 to the projects fund to fund approved grants and loans
 - \$200,000 to the operations fund to offset a potential negative ending fund balance
 - \$2.4 million, per statute, to the Zortman/Landusky water treatment fund

Biennial appropriations include:

- \$11.9 million for renewable resources and reclamation and development grants
- Operational costs of \$10.7 million for the department, as well as Department of Natural Resources and Conservation, the Judiciary (the Water Court), and the state library.
- One-time assistance to the water projects fund to aid in addressing the backlog of repairs
- \$448,856 for implementation of the pay plan and \$7,521 to implement changes in retirement contributions from the operations fund, orphan share, environmental quality protection fund, and hazardous waste fund
- \$1.0 million to the Future Fisheries program with increased reporting requirements for the use of the funds due to the passage and approval of SB75.

The legislature maintained that the fund should not be over appropriated. However, the allocation of pay plan and retirement contributions results in a negative ending fund balance of (\$56,088) in the operations fund. The remaining funds end with a zero or positive balance. All projected balances could change based on the amount of appropriation spent and the actual revenues.

Air Quality Fees

The legislature approved a number of decision packages as demonstrated in Figure 2 that include air quality fees. This resulted in a \$2.1 million increase in air quality fees, which will be the basis for calculating the new permit fees. On June 1, 2007 the Board of Environmental Review granted authority to the department to initiate the rule making process to increase fees. The rate is based on the appropriation authority, number of permitted entities and the per ton emissions. The change in the rates is a combination between the increase in appropriation authority and a decrease in total emissions.

Figure 2 Department of Environmental Quality Appropriation of Air Quality Fees			
DP #	Description	FY 08	FY 09
	Base Expenditures	\$ 2,832,998	\$ 2,843,096
	<u>Legislative Adjustments</u>		
DP 1002	Attorney Pool	4,203	3,961
DP 2010	Planning - Admin & Finance	71,429	71,023
DP 3001	Enforcement	964	742
DP 5001	Oil and Gas Well Registration - 3.00 FTE	183,451	176,569
DP 5002	Permitting major sources - 1.00 FTE	75,076	71,922
DP 5005	Air emissions tracking	75,076	71,922
DP 5026	Permitting & Compliance Division Admin	293,588	284,966
DP 5028	Air Regulatory Assistance (OTO)	257,500	260,000
DP 6015	Motor Pool Adjustment	(701)	(724)
HB 13	Pay Plan Allocation	79,663	180,051
HB63/HB131	Increased Retirement Contributions	2,456	2,552
	Sub Total of Adjustments	\$1,042,705	\$1,122,984
	Total	\$ 3,875,703	\$ 3,966,080

The proposed rules include, an increase in the minimum permit fee from \$470 per year to \$500, the establishment of a \$600 fee to register oil or gas wells and an increase in the per ton emission fee from \$22.30 per ton to \$29.96 per ton. Fees for major open burning permits were also adjusted from \$16.47 per ton to \$21.07 per ton.

Figure 3 Department of Environmental Quality Approved FTE				
DP #	Description	FTE	FY 08	FY 09
PL 2009	<i>Wetlands Pilot</i>	<i>1</i>	<i>51,769</i>	<i>51,810</i>
PL 3002	Enforcement FTE	1	49,539	49,577
PL 5001	Oil & Gas Registration FTE	3	183,843	184,026
PL 5002	Major Source FTE	1	47,402	47,447
PL 5005	Air Pollutant Tracking	1	47,402	47,447
NP 5013	MFS/MEPA	1	49,539	49,577
NP 5014	<i>Subdivision Review FTE</i>	<i>2</i>	<i>107,958</i>	<i>108,043</i>
NP 5020	<i>Coal Bed Methane Monitoring</i>	<i>2</i>	<i>133,532</i>	<i>133,666</i>
NP 5021	<i>Meth Staff</i>	<i>1.5</i>	<i>73,927</i>	<i>73,982</i>
	Total	<u>13.5</u>	<u>\$744,911</u>	<u>\$745,575</u>
	Biennium Total			<u>\$1,490,486</u>

Italicized items convert modified FTE to permanent.

Employee Recruitment and Retention

At the time of subcommittee activities during the regular session, the department had 60 vacant positions funded from HB2 of the 2007 session. Given the high number of vacancies, the legislature reviewed recruitment issues as FTE were requested. Parts of the discussions are documented in the decision package narrative, indicating recruitment concerns and hiring deadlines. This information will be used to track progress of hiring new FTEs throughout the biennium.

The executive originally requested 19.50 FTE, of which the legislature approved 13.50. Figure 3 details the approved FTE. The 6.00 FTE documented in italics allow for the conversion

of modified positions, those approved via the budget amendment process, to permanent positions. Of the remaining 7.00 FTE, 5.00 were approved for air quality activities, and the remaining 2.00 were for MEPA/MFSA and enforcement activities. The total cost of the FTE is \$1.4 million, most of which will be covered with state special revenue funds.

Funding

The following table summarizes funding for the agency, by program and source, as adopted by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2009 Biennium Budget					
Agency Program	General Fund	State Spec.	Fed Spec.	Grand Total	Total %
10 Central Management Program	\$ 2,581,429	\$ 2,698,901	\$ 1,145,016	\$ 6,425,346	5.62%
20 Plan.Prevent. & Assist.Div.	6,203,964	2,322,532	18,499,879	27,026,375	23.64%
30 Enforcement Division	1,053,575	729,064	654,784	2,437,423	2.13%
40 Remediation Division	2,000,000	7,444,538	18,058,646	27,503,184	24.05%
50 Permitting & Compliance Div.	2,732,896	33,170,000	13,666,298	49,569,194	43.35%
90 Petro Tank Release Comp. Board	-	1,379,245	-	1,379,245	1.21%
Grand Total	<u>\$ 14,571,864</u>	<u>\$ 47,744,280</u>	<u>\$ 52,024,623</u>	<u>\$ 114,340,767</u>	100.00%

The department's largest source of funding at 45 percent is federal special revenue. This revenue is provided from the US Environmental Protection Agency (EPA) performance partnership grant, the Superfund Program, and other federal grant resources. The partnership grant is a block grant to the state to provide funding the EPA had previously made through individual grants. Federal grants have varying match requirements. Wetland grants require 25 percent match, drinking water capital improvement requires 20 percent match, and non point source funding can require as much as 40 percent match.

The department budget is 41 percent state special revenue. This revenue is derived from permitting fees, fines, and bonds proceeds and is utilized to support specific department functions such as permitting, enforcement, and remediation.

General fund is utilized for personal services and related operating expenses such as travel, communications, and equipment.

Executive Budget Comparison

The following table compares the legislative budget in the 2009 biennium with the 2007 biennium by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2006	Executive Budget Fiscal 2008	Legislative Budget Fiscal 2008	Leg – Exec. Difference Fiscal 2008	Executive Budget Fiscal 2009	Legislative Budget Fiscal 2009	Leg – Exec. Difference Fiscal 2009	Biennium Difference Fiscal 08-09
FTE	362.79	382.29	376.29	(6.00)	382.29	376.29	(6.00)	
Personal Services	17,573,187	21,676,391	22,063,652	387,261	21,745,071	23,041,337	1,296,266	1,683,527
Operating Expenses	21,927,137	34,248,142	31,276,619	(2,971,523)	33,582,839	30,598,425	(2,984,414)	(5,955,937)
Equipment	122,112	422,117	422,117	0	172,117	172,117	0	0
Grants	1,637,948	1,994,948	2,166,345	171,397	2,022,948	2,196,541	173,593	344,990
Benefits & Claims	0	2,050,000	1,200,000	(850,000)	2,050,000	1,200,000	(850,000)	(1,700,000)
Debt Service	1,807	1,807	1,807	0	1,807	1,807	0	0
Total Costs	\$41,262,191	\$60,393,405	\$57,130,540	(\$3,262,865)	\$59,574,782	\$57,210,227	(\$2,364,555)	(\$5,627,420)
General Fund	3,780,841	7,812,902	7,704,716	(108,186)	6,870,284	6,867,148	(3,136)	(111,322)
State/Other Special	17,501,602	26,821,248	23,654,083	(3,167,165)	26,842,589	24,090,197	(2,752,392)	(5,919,557)
Federal Special	19,979,748	25,759,255	25,771,741	12,486	25,861,909	26,252,882	390,973	403,459
Expendable Trust	0	0	0	0	0	0	0	0
Total Funds	\$41,262,191	\$60,393,405	\$57,130,540	(\$3,262,865)	\$59,574,782	\$57,210,227	(\$2,364,555)	(\$5,627,420)

The biennial budget approved by the legislature is \$5.6 million lower than the executive request.

The general fund reduction of \$111,322 is the result of database management and energy planning functions not approved by the legislature offset by funding for public education on recycling and the 2009 biennium pay plan.

The \$5.9 million reduction to state special revenue includes \$5.4 million in Superfund bonding proceeds withdrawn by the executive. The remaining \$0.5 million is the result of reduction of the orphan share program, removal of air on-line compliance activities, and non approval of funds to relocate the Air Resource Bureau, offset by the pay plan and implementation of increases in junk vehicle payments.

Federal special revenue reductions include match for activities of the Public Water Supply Program.

The executive budget requested 19.50 new FTE, which the legislature provided authority for 13.50 additional FTE. The FTE not included in the bill were 2.00 FTE for the business process improvement initiative (as authority for contracted services was provided), 2.00 FTE for energy planning functions, 1.00 FTE for the State Energy Building Conservation Program, and 1.00 FTE for the Public Water Supply Program.

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	10.00	0.00	0.00	10.00	0.00	0.00	10.00	10.00
Personal Services	541,448	187,245	46,561	775,254	190,968	84,409	816,825	1,592,079
Operating Expenses	1,133,321	1,359,319	0	2,492,640	1,167,306	0	2,300,627	4,793,267
Equipment	0	20,000	0	20,000	20,000	0	20,000	40,000
Total Costs	\$1,674,769	\$1,566,564	\$46,561	\$3,287,894	\$1,378,274	\$84,409	\$3,137,452	\$6,425,346
General Fund	316,482	1,045,930	19,935	1,382,347	848,531	34,069	1,199,082	2,581,429
State/Other Special	1,125,281	195,401	16,852	1,337,534	204,847	31,239	1,361,367	2,698,901
Federal Special	233,006	325,233	9,774	568,013	324,896	19,101	577,003	1,145,016
Total Funds	\$1,674,769	\$1,566,564	\$46,561	\$3,287,894	\$1,378,274	\$84,409	\$3,137,452	\$6,425,346

Program Description

The Central Management Program consists of the director's office, a financial services office, and an information technology office. It is the organizational component of the DEQ responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out department mission and statutory responsibilities. The director's office includes the director's staff, the deputy director, an administrative officer, public information officer, a centralized legal services unit, and a centralized personnel office. The financial services office provides budgeting, accounting, payroll, procurement, and contract management support to other divisions. The information technology office provides information technology services support to other divisions.

Program Highlights

Central Management Division Major Program Highlights	
♦	The legislature approved \$1.8 million for a business process improvement initiative to streamline fee collections and subdivision reviews
♦	A change in the indirect calculation rate was approved

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Central Management Progr						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 316,482	18.9%	\$ 1,382,347	42.0%	\$ 1,199,082	38.2%
01100 General Fund	316,482	18.9%	1,382,347	42.0%	1,199,082	38.2%
02000 Total State Special Funds	1,125,281	67.2%	1,337,534	40.7%	1,361,367	43.4%
02058 Petroleum Storage Tank Cleanup	7,032	0.4%	-	-	-	-
02070 Hazardous Waste-Cercla	9,865	0.6%	-	-	-	-
02075 Ust Leak Prevention Program	44,214	2.6%	70,831	2.2%	73,213	2.3%
02097 Environmental Rehab & Response	55,123	3.3%	99,999	3.0%	99,999	3.2%
02157 Solid Waste Management Fee	24,982	1.5%	38,127	1.2%	39,409	1.3%
02201 Air Quality-Operating Fees	45,282	2.7%	54,446	1.7%	56,272	1.8%
02202 Asbestos Control	15,166	0.9%	9,838	0.3%	10,165	0.3%
02204 Public Drinking Water	5,118	0.3%	7,626	0.2%	7,879	0.3%
02278 Mpdes Permit Program	30,516	1.8%	39,194	1.2%	40,508	1.3%
02418 Subdivision Plat Review	23,439	1.4%	27,216	0.8%	28,139	0.9%
02458 Reclamation & Development	36,822	2.2%	49,031	1.5%	50,669	1.6%
02542 Mt Environ Policy Act Fee	820,158	49.0%	907,443	27.6%	920,201	29.3%
02845 Junk Vehicle Disposal	5,732	0.3%	31,569	1.0%	32,625	1.0%
02954 Septage Fees	1,832	0.1%	2,214	0.1%	2,288	0.1%
03000 Total Federal Special Funds	233,006	13.9%	568,013	17.3%	577,003	18.4%
03014 Dw Srf Ffy05 Grant	-	-	15,722	0.5%	15,701	0.5%
03046 05 Exchange Network Grant	-	-	130,000	4.0%	-	-
03067 Dsl Federal Reclamation Grant	10,442	0.6%	15,249	0.5%	15,760	0.5%
03155 2004 Network Exchange Grant	-	-	120,000	3.6%	-	-
03228 L.U.S.T./Trust	15,964	1.0%	62,065	1.9%	64,151	2.0%
03243 Dw Srf 06 Grant	-	-	592	0.0%	1,163	0.0%
03262 Epa Ppg	-	-	150,362	4.6%	155,409	5.0%
03385 Epa/One-Stop Grant	92,368	5.5%	50,000	1.5%	-	-
03433 Epa Perf Partnership Fy04-05	97,808	5.8%	-	-	-	-
03436 Nps 04 Staffing & Support	-	-	200	0.0%	14,654	0.5%
03437 Sep Base 2004	1,543	0.1%	9,838	0.3%	10,165	0.3%
03440 Dw Srf 03	2,475	0.1%	-	-	-	-
03452 Epa Readiness Grant	-	-	-	-	300,000	9.6%
03691 Nps Staffing/Support	12,406	0.7%	13,985	0.4%	-	-
Grand Total	\$ 1,674,769	100.0%	\$ 3,287,894	100.0%	\$ 3,137,452	100.0%

The majority of the functions in the division are funded with non-budgeted proprietary funds, and not appropriated through HB 2. The proprietary funding is based upon a negotiated indirect rate with the federal Environmental Protection Agency (EPA). The indirect rate is assessed against funding for all personal services, temporary services, and work-study projects within each division, and transferred to the Central Management Program to fund operating costs. A further discussion is included in the proprietary rate section.

Appropriated funds consist of general fund for support of the Board of Environmental Review, a business process improvement initiative, and general operating costs; state special revenue, predominantly Montana Environmental Protection Act fees; and numerous small federal grants.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget approved by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----						-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					217,607					221,486
Vacancy Savings					(30,362)					(30,518)
Inflation/Deflation					915					1,134
Fixed Costs					(30,341)					(29,771)
Total Statewide Present Law Adjustments					\$157,819					\$162,331
DP 1001 - Business Process Improvement OTO										
	0.00	987,619	0	0	987,619	0.00	788,773	0	0	788,773
DP 1002 - Central Management Operating Adjust										
	0.00	38,664	90,439	20,692	149,795	0.00	39,583	96,899	19,501	155,983
DP 1003 - Central Management Information Technology Grants										
	0.00	0	0	271,363	271,363	0.00	0	0	271,219	271,219
DP 6015 - State Motor Pool Rate Change										
	0.00	(9)	(23)	0	(32)	0.00	(9)	(23)	0	(32)
Total Other Present Law Adjustments										
	0.00	\$1,026,274	\$90,416	\$292,055	\$1,408,745	0.00	\$828,347	\$96,876	\$290,720	\$1,215,943
Grand Total All Present Law Adjustments					\$1,566,564					\$1,378,274

DP 1001 - Business Process Improvement OTO - The legislature provided \$1.8 million of general fund for the department to analyze its existing business processes to identify and implement improvements in quality of service, efficiency, timeliness, consistency and cost-effectiveness. This appropriation supports this effort in two major areas – accounts receivable, and subdivision permit application and review.

The following information was utilized as part of the legislative decision making process, and will be used for ongoing program evaluation. It was submitted by the agency, edited by LFD staff for brevity and to include any legislative changes.

Justification: The DEQ was formed from parts of three former departments, each with multiple systems and processes that created an environment of inefficient operations, complicated accounting, reduced internal controls, impaired effective communication between the DEQ enterprise database (CEDARS) and various federally mandated databases, and limited ability to report and compare activity across the agency for the purposes of measuring productivity, efficiency, and results. This infrastructure leads to costly inefficiencies and delayed revenue collections.

Goals:

1. To consolidate multiple accounts receivable processes into one uniform system using standardized processes administered by the DEQ Office of Financial Services;
2. To develop an online web-based subdivision permit application and fee collection, which will expedite permitting, reduce errors and re-submittals, and accelerate cash collection;
3. To optimize the subdivision review process for efficiency, quality of service, and timeliness while maintaining environmental protection standards; and
4. To apply cost effective improvements identified in the subdivision permitting process to other department permit functions, where appropriate.

Performance Criteria: Work progress and implementation will be the responsibility of the project team(s), composed of the business process management (BPM) lead, contract employees, and DEQ Financial Services, Information Technology, and Program representatives. The chief financial officer (CFO) would be the process owner and responsible for oversight to insure AR (accounts receivable) goals and milestones are met. The Permitting and Compliance Division Administrator would be the process owner and responsible for oversight to ensure subdivision permitting goals and milestones are met.

Accounts Receivable System

Work/performance measurement and monthly reporting to project owner:

1. Identify “as is” processes and establish a timeline for completion of work flow documentation for each process within project scope. Provide project owner with monthly reports comparing work progress to scheduled time line;
2. Schedule conversion, testing and implementation of standard processes for identified systems;
3. Compare average processing time for billing, fee collection, cost recovery, and revenue recognition before and after new system implementation;
4. Evaluate and report effectiveness of online fee collection and cost recovery process; and
5. Assess project cost-effectiveness by documenting achieved benefits and improvements compared to development costs.

Subdivision Permitting Application and Review

1. Identify “as is” processes and establish a timeline for completion of work flow documentation for each process within project scope. Provide project owner with monthly reports comparing work progress to scheduled time line;
2. Schedule conversion and implementation of standard processes for identified systems;
3. Compare incidence of incomplete and deficient applications requiring multiple reviews and repeat correspondence before and after new system implementation;
4. Compare number and types of complaints before and after new system implementation;
5. Compare average permit handling time before and after implementation of improvements;
6. Assess project cost-effectiveness by documenting achieved benefits and improvements compared to development costs; and
7. Determine whether subdivision changes could be cost effectively applied in whole or in part to other permit functions.

Milestones:

Accounts Receivable System

1. Inventory existing systems and document high level “as is” processes for all department programs by June 2008;
2. Identify common elements, process improvements and standard practices by September 2008;
3. Complete design of uniform system and create online web-based payment processing and convert at least one work unit by January 2009; and
4. Convert and implement uniform system, including online web-based payment processing for at least two more work units by June 2009.

Subdivision Permitting Application and Review

1. Document existing subdivision permit processes by January 2008;
2. Identify improvements and determine the types of subdivisions that fit online application process by June 2008;
3. Implement manual improvements by January 2009; and
4. Create and implement online application for selected types of subdivisions by June 2009.

FTE: The department proposed hiring 2.00 modified FTEs to provide overall project management and coordination activities, as well as several contractors. *It should be noted that the legislature converted the FTE request to contracted services.*

Funding: Goals (#1 and #4) of centralizing accounts receivable and applying the subdivision permit process to other areas will ultimately affect all programs. General fund is being requested because of the department-wide nature of the project.

Obstacles:

1. The current workload of both accounts receivable and subdivision review staff limits the ability for front-line employees to share their knowledge of these systems and processes and to offer improvements;
2. Meeting greater institutional resistance than anticipated. Initial indications from select customers are positive; however, if resistance develops we will organize an education effort to explain consumer benefits;
3. Meeting greater resistance to change than anticipated from front-line staff. Hopefully, the merits of the AR and subdivision permit application will sell themselves; however, if necessary we will institute an education effort to convey overall department benefits;
4. Until these new systems are developed, debugged, and fully operational, existing systems must remain in place, which creates potential for duplication;
5. Uncovering bigger problems than anticipated, requiring more time and money to fix; and
6. Creating unanticipated derivative problems when making system changes.

Risks:

1. Delayed revenue due to poor cash management, billing, and collection processes;
2. Decreased productivity due to inefficient and labor intensive processing of accounts receivable/billing activities;
3. Increased public frustration, criticism and complaints due to inconsistent and cumbersome accounts receivable and subdivision permit processing; and
4. Increased potential for misstatement of financials due to inadequate and inconsistent accounting of A/R transaction.

DP 1002 - Central Management Operating Adjust - The legislature approved a base adjustment for the Central Management Division consisting of adjustments totaling \$305,778 over the biennium to contracted services, office supplies, and travel. The remaining is attributable to indirect costs. The package also reduces the base expenses in office rent, copy costs, and web services and increases indirect costs in order for the department to implement a change in the manner indirect costs are calculated.

DP 1003 - Central Management Information Technology Grants - The legislature approved the addition of approximately \$540,000 to upgrade databases and hardware to achieve the long-term goal of participating in the environmental information network to provide access to information to assist in decision making in the event of national disasters and/or terrorist activities funded by the Environmental Protection Agency (EPA).

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

New Proposals

New Proposals										
Program	FTE	-----Fiscal 2008-----				-----Fiscal 2009-----				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2009 Biennium Pay Plan - HB 13										
10	0.00	19,638	16,516	9,548	45,702	0.00	33,753	30,887	18,871	83,511
DP 6014 - Retirement - Employer Contributions - HB 63 & 131										
10	0.00	297	336	226	859	0.00	316	352	230	898
Total	0.00	\$19,935	\$16,852	\$9,774	\$46,561	0.00	\$34,069	\$31,239	\$19,101	\$84,409

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an

additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in FY 2008 and an additional \$36 per month in FY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement - Employer Contributions - HB 63 & 131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

Proprietary Program Description

The Central Management Program provides management services, public information, legal services, and human resources, as well as fiscal services such as budgeting, accounting, payroll, procurement and contract management support to the programs within the department. The information technology office provides information technology services support to the same customers.

Proprietary Revenues and Expenses

The department has one proprietary fund, an internal service fund used to account for the department's indirect cost activity. The department negotiates an indirect cost rate with EPA based on services mutually agreed upon. The legislation moves some operating expenses previously directly charged to programs to proprietary funding. This includes office rent, copier costs and web services.

Expense Description: The major cost drivers within this program are personal services costs, contracts and fixed operating expenses. Expenses are determined by projecting increases or decreases in program staff, contracted activities and fixed operating expenses. For FY 2006 the proprietary fund expended \$4.4 million, while the estimated expenditures for both FY 2008 and FY 2009 is \$5.5 million. An increase in \$1.1 million that is attributable to the inclusion of rent and copier services for the entire department and non-legislative pay increases for FTE funded with proprietary dollars.

Working Capital: The objective of program management is to recover costs to fund necessary, ongoing operation of the Central Management Program. The fund normally carries a 60-day working capital balance to meet immediate cash needs for covering payroll and various operating costs that are not charged equally throughout the year.

Fund Equity: The department does not reserve a fund balance on the accounting records nor does it try to maintain a fund balance. The revenues generated should be enough to cover the current year's operations. However, due to timing factors, the fund balance does not always equal zero.

Proprietary Rate Explanation

The legislation includes a cap for the indirect rate. The department negotiates the annual indirect rate the EPA. The included rate is a fixed rate which may be slightly lower than the cap set by this legislation, but never higher.

The legislature approved the following rates: 22.5 percent applied against personal services and 3 percent applied against operating costs for FY 2008, and 21 percent and 4 percent respectively for FY 2009.

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	89.58	1.00	0.00	90.58	1.00	0.00	90.58	90.58
Personal Services	4,246,220	892,487	170,345	5,309,052	910,937	388,446	5,545,603	10,854,655
Operating Expenses	5,998,514	1,831,484	(18,071)	7,811,927	1,862,698	(18,071)	7,843,141	15,655,068
Equipment	97,490	35,836	250,000	383,326	35,836	0	133,326	516,652
Total Costs	\$10,342,224	\$2,759,807	\$402,274	\$13,504,305	\$2,809,471	\$370,375	\$13,522,070	\$27,026,375
General Fund	2,155,109	730,160	309,186	3,194,455	738,821	115,579	3,009,509	6,203,964
State/Other Special	801,695	375,416	(18,973)	1,158,138	362,007	692	1,164,394	2,322,532
Federal Special	7,385,420	1,654,231	112,061	9,151,712	1,708,643	254,104	9,348,167	18,499,879
Total Funds	\$10,342,224	\$2,759,807	\$402,274	\$13,504,305	\$2,809,471	\$370,375	\$13,522,070	\$27,026,375

Program Description

The Planning, Prevention, and Assistance Division consists of three bureaus: Technical and Financial Assistance; Water Quality Planning; and Air, Energy and Pollution Prevention. The division:

- 1) Finances construction and improvement of community drinking water and wastewater systems, and provides engineering review and technical assistance to Montana communities water infrastructure planners;
- 2) Assists small businesses in reducing emissions and complying with environmental regulations;
- 3) Monitors air and water quality conditions, assesses potential pollution problems, and aids industry to achieve cost effective compliance;
- 4) Assists community's to plan for energy, watershed, airshed, and solid and hazardous waste management;
- 5) Aids in development of water Total Maximum Daily Loads (TMDL);
- 6) Proposes rules and policy and develops environmental protection criteria;
- 7) Provides analysis to assess the cost effectiveness of environmental programs;
- 8) Finances energy saving retrofits of public buildings and renewable energy systems for homeowners and small businesses; and
- 9) Provides technical assistance and education to builders, homeowners and businesses on energy efficiency and renewable energy, indoor air quality, radon, recycling and solid waste reduction.

Program Highlights

Planning Prevention and Assistance Division Major Program Highlights	
◆	The legislature approved a \$3.8 million operating adjustment due to a large number of vacancies during the base year
◆	\$250,000 in general fund was approved to purchase equipment to test biofuels for marketability
◆	Funding to expand the waste reduction and recycling program was approved
◆	1.00 FTE was granted for the Wetlands Program

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table						
Plan.Prevent. & Assist.						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 2,155,109	20.8%	\$ 3,194,455	23.7%	\$ 3,009,509	22.3%
01100 General Fund	2,155,109	20.8%	3,194,455	23.7%	3,009,509	22.3%
02000 Total State Special Funds	801,695	7.8%	1,158,138	8.6%	1,164,394	8.6%
02070 Hazardous Waste-Cercla	130,156	1.3%	89,885	0.7%	91,523	0.7%
02157 Solid Waste Management Fee	85,563	0.8%	132,291	1.0%	135,658	1.0%
02201 Air Quality-Operating Fees	188,457	1.8%	256,568	1.9%	262,360	1.9%
02203 Arco	-	-	25,339	0.2%	25,339	0.2%
02206 Agriculture Monitoring	6,279	0.1%	6,880	0.1%	8,788	0.1%
02223 Wastewater Srf Special Admin	82,857	0.8%	105,706	0.8%	94,988	0.7%
02278 Mpdcs Permit Program	88,529	0.9%	95,412	0.7%	98,443	0.7%
02316 Go94B/Ban 93D Admin	26,132	0.3%	59,243	0.4%	57,596	0.4%
02388 Misc. State Special Revenue	26,267	0.3%	24,324	0.2%	24,452	0.2%
02491 Drinking Water Spec Admin Cost	118,604	1.1%	165,755	1.2%	167,739	1.2%
02555 Alternative Energy Rev Loan	26,121	0.3%	36,121	0.3%	31,463	0.2%
02973 Univ System Benefits Program	22,730	0.2%	160,614	1.2%	166,045	1.2%
03000 Total Federal Special Funds	7,385,420	71.4%	9,151,712	67.8%	9,348,167	69.1%
03003 Tribal Air Quality Fund	784	0.0%	-	-	-	-
03007 Doe Special Projects	51,999	0.5%	182,632	1.4%	198,216	1.5%
03010 Nps 04 Projects	44,408	0.4%	-	-	-	-
03014 Dw Srf Ffy05 Grant	403,862	3.9%	726,018	5.4%	743,863	5.5%
03033 Energy/Fsd	57,573	0.6%	97,195	0.7%	98,976	0.7%
03100 Epa / Drinking Water Srf	31,368	0.3%	-	-	-	-
03106 Nps 05 Projects	1,237	0.0%	-	-	-	-
03107 National Park Service - Yellowstone	8,893	0.1%	44,587	0.3%	44,716	0.3%
03149 Wpc Srf Fy06 Grant	-	-	-	-	-	-
03227 Fy06 Wetlands Grant	183,372	1.8%	666,622	4.9%	668,791	4.9%
03249 Nps Implementation Grant	357,846	3.5%	-	-	-	-
03262 Epa Ppg	-	-	2,600,906	19.3%	2,692,412	19.9%
03302 Wetlands Grant	37,145	0.4%	-	-	-	-
03311 Doe - Codes And Standards	4,292	0.0%	-	-	-	-
03312 Doe-Rebuild America	19,746	0.2%	45,841	0.3%	61,890	0.5%
03318 Mt School Lab Clean Up	15,617	0.2%	41,585	0.3%	49,775	0.4%
03364 Fy06 Nps 319 Projects Grant	1,234,135	11.9%	1,638,788	12.1%	1,638,790	12.1%
03433 Epa Perf Partnership Fy04-05	2,537,970	24.5%	-	-	-	-
03435 Pm 2.5 Fiscal Year 2004	307,457	3.0%	200,227	1.5%	164,540	1.2%
03436 Nps 04 Staffing & Support	-	-	79	0.0%	1,237,162	9.1%
03437 Sep Base 2004	370,806	3.6%	749,237	5.5%	770,195	5.7%
03440 Dw Srf 03	160,326	1.6%	-	-	-	-
03457 Wpc Srf Fy03 Grant	301,699	2.9%	291,192	2.2%	283,800	2.1%
03459 Doe Competitive Special Proj	62,212	0.6%	112,778	0.8%	112,720	0.8%
03465 Doe Washington State Univ	11,905	0.1%	12,549	0.1%	20,360	0.2%
03676 Bureau Of Land Management	39,994	0.4%	41,200	0.3%	41,600	0.3%
03691 Nps Staffing/Support	963,311	9.3%	1,289,159	9.5%	66,138	0.5%
03695 Srf St Tribal Rel Agrmt Grant	59,850	0.6%	174,314	1.3%	214,375	1.6%
03716 Doe - Omnibu	2,008	0.0%	-	-	-	-
03814 Epa Water Quality 205J	105,859	1.0%	96,760	0.7%	100,000	0.7%
03817 Emap	9,746	0.1%	140,043	1.0%	139,848	1.0%
Grand Total	\$ 10,342,224	100.0%	\$ 13,504,305	100.0%	\$ 13,522,070	100.0%

The division is funded with general fund and a variety of state special and federal revenue sources. The division's primary state special revenue funds are the fees collected for air quality permits and the interest from the investments made in community drinking water projects. The largest portion of federal funds is provided through the Environmental Protection Agency (EPA) programs, including the performance partnership grant and funds for non-point source water projects under the federal Clean Water Act. General fund is utilized for the total maximum daily load program (TMDL) and for matching of federal grants.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				1,052,677					1,071,848
Vacancy Savings				(211,959)					(212,721)
Inflation/Deflation				20,084					21,472
Fixed Costs				(189,037)					(183,908)
Total Statewide Present Law Adjustments				\$671,765					\$696,691
DP 2005 - Increase Waste Reduction & Recycling									
0.00	0	35,000	0	35,000	0.00	0	35,000	0	35,000
DP 2009 - Wetland Pilot Project FTE									
1.00	18,100	0	54,301	72,401	1.00	17,537	0	52,611	70,148
DP 2010 - PPA Operating Adjustment									
0.00	314,983	325,061	1,262,087	1,902,131	0.00	312,293	322,669	1,294,469	1,929,431
DP 2013 - State Building Energy Conservation FTE									
0.00	80,103	0	0	80,103	0.00	79,814	0	0	79,814
DP 6015 - State Motor Pool Rate Change									
0.00	(341)	(167)	(1,085)	(1,593)	0.00	(343)	(171)	(1,099)	(1,613)
Total Other Present Law Adjustments									
1.00	\$412,845	\$359,894	\$1,315,303	\$2,088,042	1.00	\$409,301	\$357,498	\$1,345,981	\$2,112,780
Grand Total All Present Law Adjustments				\$2,759,807					\$2,809,471

DP 2005 - Increase Waste Reduction & Recycling - The legislature provided \$35,000 per year of solid waste management fees for increased operating expenses. This would allow the division to expand waste reduction and recycling efforts, including regional events to improve efficiency and reduce costs to local programs, increased education to consumers and local program operators, recycling technologies demonstrations and market development for recycled materials to be used locally. This adjustment increases the base budget for the program to \$120,000 per year.

The following information was utilized as part of the legislative decision making process, and will be used for ongoing program evaluation. It was submitted by the agency, edited by LFD staff for brevity and to include any legislative changes.

Justification: The Montana Integrated Waste Management Act (75-10-838, MCA) establishes targets to increase the amount of material that is recycled and composted. Those targets are 17 percent of the waste stream by 2008 and 19 percent by 2011, as compared to a current rate of about 15 percent. An increased effort is needed to reach these targets.

Goal: To increase the amount of material that is recycled or composted in Montana by developing local markets for recycled goods, demonstrating technologies for recycling and composting, providing opportunities for local programs to participate in regional or statewide initiatives, and educating consumers.

Performance Criteria: The department will meet its goals by increasing the number of opportunities to recycle, expanding the type of goods that can be recycled, providing regional or statewide opportunities to increase efficiency, and educating consumers. Services offered will be increased over 2006 in the following ways:

- Coordinating two regional hazardous waste collection events
- Coordinating five electronics recycling events
- Developing new markets for one recycled product within the state
- Developing and distributing educational materials on waste reduction and composting that can be used statewide or tailored for local communities.

Results will be collected and analyzed following each event and will be reported annually including the amount and type of materials recycled, number and type of events held, and educational materials produced.

Milestones:

- Regional hazardous waste events – 2007
- Electronic waste recycling events—3 in 2007, 2 in 2008
- New market for recycled product—2008
- Educational materials – 1 in 2007 and 1 in 2008

FTE: No additional FTE are being requested. Existing staff in the Air, Energy and Pollution Prevention Bureau will complete the work. No other work will be forgone in the process.

Funding: The funding source would be a \$35,000 annual appropriation from existing solid waste fees.

Obstacles: The rural nature of Montana, size of waste streams and distance to major market centers creates a challenge for collecting and processing goods to be recycled and natural materials to be composted.

Risk: The lack of additional operating expenses for this program activity can compromise the ability of the Department to meet waste reduction targets mandated by the Montana Integrated Waste Management Act.

DP 2009 - Wetland Pilot Project FTE - The legislature approved one additional water quality specialist position to complete work on a three-year wetland demonstration program grant to develop two different assessment tools to track wetland gains and losses.

DP 2010 - PPA Operating Adjustment - The legislature restored operating expenses and delayed contracted services due to personnel vacancies. The Planning Division had 19 positions that were vacant from some period of time during the 2007 biennium. The majority of the funding is for contracted services to cover delayed contracts, travel expenses and department indirect charges.

DP 2013 - State Building Energy Conservation FTE - The legislature provided approximately \$80,000 general fund each year of the biennium to provide support for the State Building Energy Conservation Program.

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

New Proposals

New Proposals										
Program	FTE	Fiscal 2008				Fiscal 2009				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2007 - Biofuels Testing - OTO										
20	0.00	250,000	0	0	250,000	0.00	0	0	0	0
DP 2050 - Recycling & Electronic Waste Disposal Education										
20	0.00	16,500	0	0	16,500	0.00	16,500	0	0	16,500
DP 2070 - RIT Funding Reductions										
20	0.00	0	(34,571)	0	(34,571)	0.00	0	(34,571)	0	(34,571)
DP 6013 - 2009 Biennium Pay Plan - HB 13										
20	0.00	40,615	15,111	108,414	164,140	0.00	96,412	34,755	250,337	381,504
DP 6014 - Retirement - Employer Contributions - HB63 & HB131										
20	0.00	2,071	487	3,647	6,205	0.00	2,667	508	3,767	6,942
Total	0.00	\$309,186	(\$18,973)	\$112,061	\$402,274	0.00	\$115,579	\$692	\$254,104	\$370,375

DP 2007 - Biofuels Testing - OTO - The legislature approved a \$250,000 one-time only general fund appropriation to purchase equipment to test Montana-produced biofuels to ensure they meet national standards. This would allow the biofuels to be sold on the national market.

DP 2050 - Recycling & Electronic Waste Disposal Education - The legislature provided authority for the general fund fiscal impact of HB555, a public education program for recycling and electronic waste disposal.

DP 2070 - RIT Funding Reductions - This is a reduction to the hazardous waste and reclamation and development fund to adjust expenditures to align with revenues.

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in FY 2008 and an additional \$36 per month in FY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement - Employer Contributions - HB63 & HB131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	14.00	1.00	0.00	15.00	1.00	0.00	15.00	15.00
Personal Services	706,737	136,485	27,194	870,416	139,216	63,084	909,037	1,779,453
Operating Expenses	308,921	26,462	0	335,383	13,666	0	322,587	657,970
Total Costs	\$1,015,658	\$162,947	\$27,194	\$1,205,799	\$152,882	\$63,084	\$1,231,624	\$2,437,423
General Fund	404,184	109,851	10,414	524,449	100,512	24,430	529,126	1,053,575
State/Other Special	251,636	98,488	8,846	358,970	98,106	20,352	370,094	729,064
Federal Special	359,838	(45,392)	7,934	322,380	(45,736)	18,302	332,404	654,784
Total Funds	\$1,015,658	\$162,947	\$27,194	\$1,205,799	\$152,882	\$63,084	\$1,231,624	\$2,437,423

Program Description

The Enforcement Division is the central control for activities designed to facilitate the enforcement of the statutes and regulations administered by the department. The division develops department enforcement policies and procedures for approval by the director and ensures they are implemented in a consistent manner across the department. A citizen complaint clearinghouse and information tracking system is maintained by the division. The division coordinates the legal and technical aspects of enforcement cases, both administrative and judicial, and monitors violators to determine compliance with department orders.

Program Highlights

Enforcement Division Major Program Highlights	
◆	1.00 FTE was approved to assist in meeting statutory guidelines for complaint resolution and issuing of orders
◆	The remaining increases were attributable to present law adjustments for base operations and the implementation of the pay plan

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Enforcement Division						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 404,184	39.8%	\$ 524,449	43.5%	\$ 529,126	43.0%
01100 General Fund	404,184	39.8%	524,449	43.5%	529,126	43.0%
02000 Total State Special Funds	251,636	24.8%	358,970	29.8%	370,094	30.0%
02075 Ust Leak Prevention Program	74,234	7.3%	55,468	4.6%	57,190	4.6%
02201 Air Quality-Operating Fees	74,812	7.4%	50,375	4.2%	51,937	4.2%
02202 Asbestos Control	-	-	37,281	3.1%	38,431	3.1%
02204 Public Drinking Water	41,980	4.1%	109,789	9.1%	113,199	9.2%
02278 Mpdcs Permit Program	34,686	3.4%	41,336	3.4%	42,617	3.5%
02418 Subdivision Plat Review	-	-	32,648	2.7%	33,663	2.7%
02458 Reclamation & Development	4,720	0.5%	4,402	0.4%	4,527	0.4%
02845 Junk Vehicle Disposal	21,204	2.1%	27,671	2.3%	28,530	2.3%
03000 Total Federal Special Funds	359,838	35.4%	322,380	26.7%	332,404	27.0%
03067 Dsl Federal Reclamation Grant	17,975	1.8%	10,730	0.9%	11,065	0.9%
03228 L.U.S.T./Trust	22,937	2.3%	35,351	2.9%	36,450	3.0%
03262 Epa Ppg	-	-	225,361	18.7%	232,361	18.9%
03433 Epa Perf Partnership Fy04-05	263,583	26.0%	-	-	-	-
03436 Nps 04 Staffing & Support	-	-	1,150	0.1%	49,636	4.0%
03691 Nps Staffing/Support	55,343	5.4%	49,788	4.1%	2,892	0.2%
Grand Total	\$ 1,015,658	100.0%	\$ 1,205,799	100.0%	\$ 1,231,624	100.0%

The division is funded with general fund and a variety of state special and federal revenue sources. The division's primary state special revenue funds are the fees collected for air, asbestos control, and discharge permits, as well as subdivision review fees. The largest percentage of federal funds is provided through the Environmental Protection Agency (EPA) programs, predominantly the performance partnership grant.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
Fiscal 2008					Fiscal 2009				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				120,016					122,821
Vacancy Savings				(33,070)					(33,182)
Inflation/Deflation				4,894					5,187
Fixed Costs				(27,376)					(26,579)
Total Statewide Present Law Adjustments				\$64,464					\$68,247
DP 3001 - Enforcement Operations Adjustments									
0.00	8,574	6,872	6,173	21,619	0.00	6,601	5,292	4,752	16,645
DP 3002 - Enforcement Division New FTE									
1.00	77,230	0	0	77,230	1.00	68,368	0	0	68,368
DP 6015 - State Motor Pool Rate Change									
0.00	(146)	(117)	(103)	(366)	0.00	(151)	(122)	(105)	(378)
Total Other Present Law Adjustments									
1.00	\$85,658	\$6,755	\$6,070	\$98,483	1.00	\$74,818	\$5,170	\$4,647	\$84,635
Grand Total All Present Law Adjustments				\$162,947					\$152,882

DP 3001 - Enforcement Operations Adjustments - The legislature provided additional base authority for operating expenses such as lab analysis, in-state travel, and agency indirect payments. The indirect increase is a change in the indirect calculations. The other adjustments relate to increased costs associated with program activities.

DP 3002 - Enforcement Division New FTE - The legislature approved general fund for an additional environmental enforcement specialist position to address violations and citizen complaints within statutory guidelines.

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

New Proposals

New Proposals										
Program	FTE	Fiscal 2008				Fiscal 2009				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2009 Biennium Pay Plan - HB 13										
30	0.00	10,046	8,587	7,694	26,327	0.00	24,038	20,076	18,049	62,163
DP 6014 - Retirement - Employer Contributions - HB63 & HB131										
30	0.00	368	259	240	867	0.00	392	276	253	921
Total	0.00	\$10,414	\$8,846	\$7,934	\$27,194	0.00	\$24,430	\$20,352	\$18,302	\$63,084

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in FY 2008 and an additional \$36 per month in FY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement - Employer Contributions - HB63 & HB131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	61.76	0.00	0.00	61.76	0.00	0.00	61.76	61.76
Personal Services	2,847,299	617,299	116,065	3,580,663	628,959	263,618	3,739,876	7,320,539
Operating Expenses	7,983,127	891,977	0	8,875,104	920,800	0	8,903,927	17,779,031
Equipment	5,831	(5,831)	0	0	(5,831)	0	0	0
Benefits & Claims	0	1,200,000	0	1,200,000	1,200,000	0	1,200,000	2,400,000
Debt Service	1,807	0	0	1,807	0	0	1,807	3,614
Total Costs	\$10,838,064	\$2,703,445	\$116,065	\$13,657,574	\$2,743,928	\$263,618	\$13,845,610	\$27,503,184
General Fund	0	1,000,000	0	1,000,000	1,000,000	0	1,000,000	2,000,000
State/Other Special	3,472,724	152,823	58,941	3,684,488	152,894	134,432	3,760,050	7,444,538
Federal Special	7,365,340	1,550,622	57,124	8,973,086	1,591,034	129,186	9,085,560	18,058,646
Total Funds	\$10,838,064	\$2,703,445	\$116,065	\$13,657,574	\$2,743,928	\$263,618	\$13,845,610	\$27,503,184

Program Description

The Remediation Division protects human health and the environment by preventing exposure to hazardous substances that have been released to soil, sediment, surface water, or groundwater. The division also ensures compliance with state and federal regulations. The division's responsibilities include: oversight, investigation, and cleanup activities at state and federal Superfund sites, and voluntary cleanup activities; reclamation of abandoned mine lands; implementation of corrective actions at sites with leaking underground storage tanks; and oversight of groundwater remediation at sites where improper placement of wastes has caused groundwater contamination. This division is divided into two bureaus:

1. The Hazardous Waste Site Cleanup Bureau (HWSCB) oversees or conducts the investigation and cleanup of sites contaminated by chemical spills, hazardous substances, and petroleum released by industrial and commercial operations other than mining. The bureau works with the Petroleum Tank Release Compensation Board for eligibility and reimbursement determinations and provides grants to local governments for compliance assistance.
2. The Mine Waste Cleanup Bureau (MWCBC) is responsible for administering and overseeing remedial actions at historical mine sites, abandoned mines, ore-transport, and processing facilities. It also oversees the provisions of the federal Comprehensive Environmental Response and Liability Act (CERCLA or federal Superfund Program).

Program Highlights

Remediation Division	
Major Program Highlights	
♦	The legislature approved \$2.4 million of orphan share funding over the biennium to cover the cost of clean up when responsible parties are bankrupt or otherwise insolvent
♦	\$2.0 million of general fund was approved to accelerate remediation efforts of the upper Blackfoot mining complex where potentially liable parties are not fulfilling remediation obligations
♦	The legislature approved a reduction to the division's base budget of approximately \$0.9 million over the biennium to account for changes in federal funding.

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Remediation Division						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ -	-	\$ 1,000,000	7.3%	\$ 1,000,000	7.2%
01100 General Fund	-	-	1,000,000	7.3%	1,000,000	7.2%
02000 Total State Special Funds	3,472,724	32.0%	3,684,488	27.0%	3,760,050	27.2%
02058 Petroleum Storage Tank Cleanup	1,237,020	11.4%	1,433,805	10.5%	1,477,804	10.7%
02070 Hazardous Waste-Cercla	23,911	0.2%	29,622	0.2%	30,566	0.2%
02162 Environmental Quality Protecti	1,054,708	9.7%	772,833	5.7%	801,003	5.8%
02206 Agriculture Monitoring	24,488	0.2%	24,889	0.2%	25,776	0.2%
02472 Orphan Share Fund	15,561	0.1%	1,218,164	8.9%	1,219,042	8.8%
02565 Lust Cost Recovery	110	0.0%	100,000	0.7%	100,000	0.7%
02775 Cercla Go Bonds	1,032,139	9.5%	-	-	-	-
02940 Pegasus - Basin	84,787	0.8%	105,175	0.8%	105,859	0.8%
03000 Total Federal Special Funds	7,365,340	68.0%	8,973,086	65.7%	9,085,560	65.6%
03158 Blm Interagency Agreement	-	-	100,000	0.7%	100,000	0.7%
03221 Osm Coal Outcrop Fires	32,614	0.3%	50,000	0.4%	50,000	0.4%
03222 Lockwood Superfund Site	112,551	1.0%	-	-	-	-
03228 L.U.S.T./Trust	719,437	6.6%	756,690	5.5%	765,018	5.5%
03257 Superfund Multi-Site	1,244,300	11.5%	-	-	-	-
03259 Superfund Multi Site	-	-	1,865,426	13.7%	1,884,976	13.6%
03262 Epa Ppg	-	-	106,625	0.8%	109,456	0.8%
03433 Epa Perf Partnership Fy04-05	104,453	1.0%	-	-	-	-
03438 Brownsfield State Response	564,864	5.2%	1,105,618	8.1%	1,118,331	8.1%
03447 Deq-Federal Aml03 Grant	4,270,265	39.4%	4,102,539	30.0%	4,162,304	30.1%
03463 Mine Lease/Reclamation	2,709	0.0%	130,000	1.0%	130,000	0.9%
03468 Core Cooperative Grant-Fy05	207,549	1.9%	256,561	1.9%	264,175	1.9%
03721 Libby Asbestos/Troy	106,598	1.0%	499,627	3.7%	501,300	3.6%
Grand Total	\$ 10,838,064	100.0%	\$ 13,657,574	100.0%	\$ 13,845,610	100.0%

The remediation division is funded with a mix of general fund, state special, and federal revenue sources. General fund is for mine site clean up for the 2009 biennium. State special revenue comes from the \$.00075 gas tax for petroleum tank cleanup, registration fees for underground storage tanks, and interest proceeds from the resource indemnity trust deposited to the environmental quality protection, orphan share, and hazardous waste funds. Federal special revenue is derived from the federal Environmental Protection Agency (EPA) for Superfund oversight and various other activities, and the federal Office of Surface Mining for the Abandoned Mine Lands (AML) program.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				761,663					773,803
Vacancy Savings				(144,364)					(144,844)
Inflation/Deflation				17,680					18,868
Fixed Costs				(108,899)					(104,812)
Total Statewide Present Law Adjustments				\$526,080					\$543,015
DP 4001 - Remediation Operations Adjustment									
0.00	0	(352,039)	(136,396)	(488,435)	0.00	0	(357,047)	(107,805)	(464,852)
DP 4003 - Hazardous Waste Cleanup Bureau LUST Trust BIE									
0.00	0	99,881	0	99,881	0.00	0	99,880	0	99,880
DP 4006 - Mine Waste Cleanup Bureau Libby Troy (BIEN)									
0.00	0	0	366,753	366,753	0.00	0	0	366,752	366,752
DP 4007 - Orphan Share Claims Payments (RST/BIEN/OTO)									
0.00	0	1,200,000	0	1,200,000	0.00	0	1,200,000	0	1,200,000
DP 4008 - Accelerated Remediation - CECRA Sites (RST /OTO)									
0.00	1,000,000	0	0	1,000,000	0.00	1,000,000	0	0	1,000,000
DP 6015 - State Motor Pool Rate Change									
0.00	0	(28)	(806)	(834)	0.00	0	(38)	(829)	(867)
Total Other Present Law Adjustments									
0.00	\$1,000,000	\$947,814	\$229,551	\$2,177,365	0.00	\$1,000,000	\$942,795	\$258,118	\$2,200,913
Grand Total All Present Law Adjustments				\$2,703,445					\$2,743,928

DP 4001 - Remediation Operations Adjustment - The legislature granted a base adjustment consisting of two parts: 1) an increase in operating expenses in relation to vacancies during the base year; and 2) a decrease in contracted services related to the adjustment in federal abandoned mine lands funding. The net effect is a decrease of approximately \$0.5 million per year.

DP 4003 - Hazardous Waste Cleanup Bureau LUST Trust BIE - The legislature approved a \$199,761 state special revenue biennial appropriation for the department's Petroleum Release section. The department is required to recover federal grant funds expended in the cleanup of contamination from certain federally defined tanks. Under leaking underground storage tank (LUST) federal law, any state-recovered monies must continue to be used for cleanup of other sites also meeting federal LUST site criteria.

DP 4006 - Mine Waste Cleanup Bureau Libby Troy (BIEN) - The legislature approved \$733,505 in biennial federal special revenue for additional investigation and remediation planning at the Libby Troy Asbestos site. The grant will aid the department to prepare to take the role of the lead regulatory agency at this site.

DP 4007 - Orphan Share Claims Payments (RST/BIEN/OTO) - The legislature approved \$1.2 million state special revenue each year of the biennium to reimburse remedial action costs claimed for the orphan's share of eligible remedial action costs. It is anticipated that this will fund claims from the CMC Asbestos facility in Bozeman.

DP 4008 - Accelerated Remediation - CECRA Sites (RST /OTO) - The legislature approved \$2.0 million in general fund authority for contracted services at the Upper Blackfoot Mining Complex (UBMC) facility, a state Superfund site, to conduct remedial investigation and subsequent cleanup activities to address contaminants affecting human health and the environment. The expenditures at these sites are cost recoverable from the potentially liable parties - ASARCO and ARCO.

The following information was utilized as part of the legislative decision making process, and will be used for ongoing program evaluation. It was submitted by the agency, edited by LFD staff for brevity and to include any legislative changes.

Justification: The department will use the requested funding and spending authority to conduct various phases of investigation and cleanup work at the Upper Blackfoot Mining Complex where the potentially liable persons are not accomplishing the necessary work in a proper and expeditious manner.

Goal: To conduct the remedial investigations needed to fill previously identified data gaps so that the nature and extent of the contamination at the facility can be determined.

Performance Criteria: At the Upper Blackfoot Mining Complex, progress will be measured by the completion of the remedial investigation work plan, field work, and remedial investigation report. Contract task orders include specific reporting and financial requirements that will be overseen by department staff. Department staff will also review draft contractor work products and provide necessary additional guidance for completion.

Milestones: Major milestones at the Upper Blackfoot Mining Complex include:

- December 2007 – completion of the remedial investigation work plan
- September 2008 – completion of field work
- January 2009 – completion of remedial investigation report

FTE: Existing department staff will continue to provide oversight and technical expertise and contractor services will be used to assist with technical and field work.

Obstacles: Obstacles at the Upper Blackfoot Mining Complex include:

- Uncertainty regarding the outcome of the Asarco bankruptcy
- Potentially liable persons are unwilling to properly complete work
- An impact to USFS lands –The department and the USFS have developed a working group to share information, avoid duplication, and develop approaches to address contamination on public and private lands concurrently where possible and in a logical fashion

Risk: The department is currently in litigation with potentially liable persons and until that litigation is resolved, no remedial investigation will be completed. Providing cost recoverable funding to complete the work would allow the department to move the facility closer to final cleanup and may help expedite resolution of the litigation.

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

New Proposals

New Proposals										
Program	FTE	Fiscal 2008				Fiscal 2009				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2009 Biennium Pay Plan - HB 13										
40	0.00	0	56,403	55,222	111,625	0.00	0	131,310	127,220	258,530
DP 6014 - Retirement - Employer Contributions - HB63 & HB131										
40	0.00	0	2,538	1,902	4,440	0.00	0	3,122	1,966	5,088
Total	0.00	\$0	\$58,941	\$57,124	\$116,065	0.00	\$0	\$134,432	\$129,186	\$263,618

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in FY 2008 and an additional \$36 per month in FY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement - Employer Contributions - HB63 & HB131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

Language

“Accelerated Remediation--Selected CERCA Sites is limited to remedial investigation of the Upper BlackFoot Mining Complex. The department shall provide semiannual reports to the Environmental Quality Council regarding the progress toward the following milestones:

- (1) December 2007 -Completion of the remedial investigation plan
- (2) September 2008 -Completion of field work; and
- (3) January 2009 - Completion of the remedial investigation report.”

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	181.45	5.00	6.50	192.95	5.00	6.50	192.95	192.95
Personal Services	8,938,144	1,537,852	734,054	11,210,050	1,568,178	1,191,161	11,697,483	22,907,533
Operating Expenses	6,176,660	4,601,676	619,521	11,397,857	4,596,658	90,018	10,863,336	22,261,193
Equipment	18,791	0	0	18,791	0	0	18,791	37,582
Grants	1,637,948	357,000	171,397	2,166,345	385,000	173,593	2,196,541	4,362,886
Total Costs	\$16,771,543	\$6,496,528	\$1,524,972	\$24,793,043	\$6,549,836	\$1,454,772	\$24,776,151	\$49,569,194
General Fund	905,066	105,084	593,315	1,603,465	106,217	118,148	1,129,431	2,732,896
State/Other Special	11,230,333	4,389,889	812,806	16,433,028	4,419,880	1,086,759	16,736,972	33,170,000
Federal Special	4,636,144	2,001,555	118,851	6,756,550	2,023,739	249,865	6,909,748	13,666,298
Expendable Trust	0	0	0	0	0	0	0	0
Total Funds	\$16,771,543	\$6,496,528	\$1,524,972	\$24,793,043	\$6,549,836	\$1,454,772	\$24,776,151	\$49,569,194

Program Description

The Permitting and Compliance Division administers all DEQ permitting and compliance activities based on 25 state regulatory and 5 related federal authorities. The division:

- 1) Reviews and assesses environmental permit applications (coordinating with other state, local, and federal agencies) to determine control measures needed to ensure compliance with the law and to prevent land, water, and air conditions detrimental to public health welfare, safety and the environment;
- 2) Prepares supporting environmental documents under the Montana Environmental Policy Act and provides training and technical assistance when needed;
- 3) Inspects to determine compliance with permit conditions, laws, and rules; and
- 4) Provides assistance to resolve the facility's compliance issues, and when necessary recommends formal enforcement actions to the Enforcement Division.

Activities are organized into the Air Resources Management Bureau (air); Industrial and Energy Minerals Bureau (coal, uranium, opencut); Environmental Management Bureau (hard rock, facility siting); Public Water and Subdivision Bureau (public water supply and subdivision); Water Protection Bureau (water discharge); and Waste and Underground Tank Management Bureau (solid waste, junk vehicles, septage pumpers, hazardous waste, asbestos, underground storage tanks).

Program Highlights

Permitting and Compliance Division Major Program Highlights	
<ul style="list-style-type: none"> ◆ The legislature approved 11.50 FTE including: <ul style="list-style-type: none"> ◆ 5.00 FTE for the Air Quality Program ◆ 1.00 FTE for major facility siting activities ◆ 2.00 FTE for subdivision reviews ◆ 1.50 for methamphetamine lab cleanup activities ◆ Two proposals for waste water certification to address testing materials were approved ◆ The legislature approved a \$2.3 million operating adjustment due to a large number of vacancies during the base year ◆ \$0.5 million of general fund was approved for a passive water treatment system for Swift Gulch 	

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table						
Permitting & Compliance						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 905,066	5.4%	\$ 1,603,465	6.5%	\$ 1,129,431	4.6%
01100 General Fund	905,066	5.4%	1,603,465	6.5%	1,129,431	4.6%
02000 Total State Special Funds	11,230,333	67.0%	16,433,028	66.3%	16,736,972	67.6%
02054 Ust-Installer Lic & Permit Acc	79,768	0.5%	55,086	0.2%	60,662	0.2%
02070 Hazardous Waste-Cercla	394,145	2.4%	358,434	1.4%	371,005	1.5%
02075 Ust Leak Prevention Program	276,497	1.6%	394,454	1.6%	401,926	1.6%
02095 Pegasus Reclamation/Zortman	37,500	0.2%	-	-	-	-
02096 Reclamation - Bond Forfeitures	23,393	0.1%	222,938	0.9%	250,000	1.0%
02130 Zort/Land Exploration Bond For	9,982	0.1%	-	-	-	-
02157 Solid Waste Management Fee	561,359	3.3%	582,765	2.4%	599,609	2.4%
02201 Air Quality-Operating Fees	2,256,037	13.5%	3,514,314	14.2%	3,595,511	14.5%
02202 Asbestos Control	158,265	0.9%	215,203	0.9%	225,579	0.9%
02204 Public Drinking Water	667,263	4.0%	775,624	3.1%	787,975	3.2%
02276 Pegsaus Reclamation/Zort-Land	19,700	0.1%	-	-	-	-
02278 Mpdes Permit Program	1,269,176	7.6%	1,657,299	6.7%	1,691,937	6.8%
02418 Subdivision Plat Review	1,068,815	6.4%	1,713,665	6.9%	1,724,006	7.0%
02420 Bd Of Cert For W&Ww Op	84,776	0.5%	104,579	0.4%	110,628	0.4%
02421 Hazardous Waste Fees	51,883	0.3%	52,843	0.2%	54,613	0.2%
02428 Major Facility Siting	101,080	0.6%	591,576	2.4%	592,857	2.4%
02458 Reclamation & Development	1,570,512	9.4%	1,661,829	6.7%	1,709,288	6.9%
02521 Pegasus Bankruptcy/Operations	832,143	5.0%	750,000	3.0%	750,000	3.0%
02579 Coal & Uranium Mine Account	-	-	250,000	1.0%	250,000	1.0%
02754 Opencut Mining Fees	-	-	7,682	0.0%	7,995	0.0%
02845 Junk Vehicle Disposal	1,743,218	10.4%	2,181,887	8.8%	2,224,275	9.0%
02945 Zortman Reclamation - Comp Bid	-	-	9	0.0%	9	0.0%
02947 Zortman/Landusky Nitrate Systm	9,046	0.1%	27,062	0.1%	-	-
02954 Septage Fees	15,775	0.1%	28,279	0.1%	29,097	0.1%
02988 Hard Rock Mining Reclamation	-	-	1,287,500	5.2%	1,300,000	5.2%
03000 Total Federal Special Funds	4,636,144	27.6%	6,756,550	27.3%	6,909,748	27.9%
03014 Dw Srf Ffy05 Grant	361,957	2.2%	869,839	3.5%	894,564	3.6%
03040 Operator Training Reimbursemnt	159,475	1.0%	286,100	1.2%	289,345	1.2%
03067 Dsl Federal Reclamation Grant	1,014,170	6.0%	936,201	3.8%	971,137	3.9%
03071 Us Forest Service Agreement	1,392	0.0%	20,600	0.1%	20,800	0.1%
03262 Epa Ppg	-	-	2,621,710	10.6%	2,633,165	10.6%
03326 Blm For Zortman & Landusky	45,344	0.3%	1,266,900	5.1%	1,279,200	5.2%
03433 Epa Perf Partnership Fy04-05	2,641,965	15.8%	65,511	0.3%	142,401	0.6%
03435 Pm 2.5 Fiscal Year 2004	6,067	0.0%	13,895	0.1%	14,480	0.1%
03436 Nps 04 Staffing & Support	-	-	-	-	99,166	0.4%
03438 Brownsfield State Response	35,607	0.2%	160,810	0.6%	160,472	0.6%
03440 Dw Srf 03	185,367	1.1%	-	-	-	-
03442 Dw Srf 03	44,554	0.3%	-	-	-	-
03480 Blm Cbm Agreement	-	-	360,597	1.5%	345,093	1.4%
03691 Nps Staffing/Support	97,610	0.6%	101,437	0.4%	6,005	0.0%
03695 Srf St Tribal Rel Agrmt Grant	-	-	32	0.0%	32	0.0%
03798 Homeland Water System Security	42,636	0.3%	52,918	0.2%	53,888	0.2%
Grand Total	\$ 16,771,543	100.0%	\$ 24,793,043	100.0%	\$ 24,776,151	100.0%

The division is funded with general fund and a variety of state and federal special revenue sources. The general fund provides 4.5 percent of the total funding and supports operating expenses.

State special revenue consists of forfeited hard rock reclamation bonds, and fees collected for various activities such as air permits, junk vehicle fines, public water supply connections, and subdivision reviews. These funds are used to administer related permits and compliance operations in the division. The division also receives Resource Indemnity Trust (RIT) interest via the reclamation and development account.

Federal special revenue sources include the Environmental Protection Agency (EPA) and the Bureau of Land Management (BLM). Federal funds are directed toward specific sites or for primacy costs of the permitting programs.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----					-----Fiscal 2009-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				1,684,099						1,715,395
Vacancy Savings				(424,894)						(426,137)
Inflation/Deflation				40,217						43,234
Fixed Costs				(324,343)						(314,596)
Total Statewide Present Law Adjustments				\$975,079						\$1,017,896
DP 5001 - Oil & Gas Well Registration FTE										
3.00	0	183,451	103,320	286,771	3.00	0	176,569	99,774	276,343	
DP 5002 - Permitting Major Sources of Air Pollution FTE										
1.00	0	75,076	0	75,076	1.00	0	71,922	0	71,922	
DP 5005 - Air Pollutant Emission Tracking										
1.00	0	75,076	0	75,076	1.00	0	71,922	0	71,922	
DP 5009 - PCD Vehicles Owned and Leased										
0.00	2,727	24,875	10,565	38,167	0.00	3,026	26,511	11,098	40,635	
DP 5011 - Aerial Reconnaissance in Coal Mine Inspection										
0.00	0	7,725	0	7,725	0.00	0	7,800	0	7,800	
DP 5012 - Hard Rock & MFSA Projects-RST/BIE										
0.00	0	1,820,367	1,240,764	3,061,131	0.00	0	1,837,867	1,253,264	3,091,131	
DP 5015 - Industrial Wastewater Operator Cert BIE/OTO										
0.00	0	33,438	0	33,438	0.00	0	33,750	0	33,750	
DP 5016 - High Strength Wastewater Standards BIE/OTO										
0.00	0	30,900	0	30,900	0.00	0	31,200	0	31,200	
DP 5017 - Subdivision Training IT										
0.00	0	51,500	0	51,500	0.00	0	52,000	0	52,000	
DP 5019 - Subdivision Grants to Counties										
0.00	0	243,000	0	243,000	0.00	0	243,000	0	243,000	
DP 5024 - Brownsfields Grant BIEN										
0.00	0	0	119,600	119,600	0.00	0	0	118,450	118,450	
DP 5026 - Permitting & Compliance Division Base Adjustments										
0.00	58,878	832,694	270,380	1,161,952	0.00	57,723	827,802	267,937	1,153,462	
DP 5027 - On-site Wastewater Operator Certification OTO/BIE										
0.00	0	82,400	0	82,400	0.00	0	83,200	0	83,200	
DP 5028 - Air Regulatory Assistance RST/OTO/BIEN										
0.00	0	257,500	0	257,500	0.00	0	260,000	0	260,000	
DP 6015 - State Motor Pool Rate Change										
0.00	(201)	(1,946)	(640)	(2,787)	0.00	(208)	(2,007)	(660)	(2,875)	
Total Other Present Law Adjustments										
5.00	\$61,404	\$3,716,056	\$1,743,989	\$5,521,449	5.00	\$60,541	\$3,721,536	\$1,749,863	\$5,531,940	
Grand Total All Present Law Adjustments				\$6,496,528						\$6,549,836

DP 5001 - Oil & Gas Well Registration FTE - The legislature provided 3.00 additional FTE and state special and federal authority of approximately \$563,000 for the biennium to implement current regulatory requirements applicable to conventional oil and gas well facilities and to provide technical support to the Bureau of Land Management (BLM). The department anticipates increased new registrations or permit applications from oil and gas facilities and an increase in air quality permit applications.

The following information was utilized as part of the legislative decision making process, and will be used for ongoing program evaluation. It was submitted by the agency, edited by LFD staff for brevity and to include any legislative changes.

Justification: The proposal for additional staff is needed because of the recent and dramatic increase in the number of oil and gas well facilities subject to the Montana and federal Clean Air Acts.

Goals: To issue currently required permits or registrations, provide compliance assistance, ensure compliance with all applicable air quality requirements, and protect public health through reduction of emissions of hazardous air pollutants.

Performance Criteria:

Performance criteria will include issuance of permits or registrations and compliance determinations.

- The department will issue 25 percent of the backlogged permits or registrations each fiscal year
- The department will conduct compliance determinations on 15 percent of the permitted or registered facilities each fiscal year

Milestones: The department is proposing to issue 25 percent of the existing permits/registrations per year. This will continue for a period of four years. Once the backlog has been eliminated the department will continue to issue any new source permits/registrations within the statutory timeframes, while conducting on-site inspections at about 15 percent of the facilities per year.

FTE: Three FTE have been requested. One FTE will be located in Miles City to provide technical support and assistance to the BLM. The other two FTE will be located in Helena. These FTE would handle the permitting and compliance activities associated with ensuring that conventional oil and gas well facilities are complying with the requirements of the Montana and federal Clean Air Acts. Recruitment would begin in July of 2007 and take up to 90 days to fill all positions.

Obstacles: The main challenge will be educating the regulated universe. The increase in activity associated with oil and gas development has occurred in the last several years, so many of these facilities are not familiar with the applicable environmental regulations.

Risk: Existing oil and gas well facilities would continue to operate without a permit and would be subject to enforcement action by EPA or a citizen's suit. The department would be in violation of the permitting requirements contained in the Montana Clean Air Act, and could be subject to a writ of mandamus, where a court would order the Department to issue the outstanding permits within a specific timeframe or be subject to sanctions. This would adversely affect issuance of permits for new facilities or processing of permit modifications for other existing facilities. This could potentially slow economic growth or create pressure for facilities to operate without a permit.

DP 5002 - Permitting Major Sources of Air Pollution FTE - The legislature provided an increase of 1.00 FTE and state special revenue of \$75,076 in FY 2008 and \$71,922 in FY 2009 for personal services and associated operating costs. Title V of the Federal Clean Air Act requires regulatory agencies to conduct detailed compliance evaluations to ensure companies are complying with all applicable air quality regulations, and to ensure that human health is being protected.

DP 5005 - Air Pollutant Emission Tracking - The legislature approved 1.00 FTE special revenue authority to inventory and track emissions of air pollutants from all emission sources in order to implement the requirements of the New Source Review permitting program, and to implement the requirements of the Montana and Federal Clean Air Acts.

DP 5009 - PCD Vehicles Owned and Leased - The legislature approved the replacement of six vehicles that are currently owned by the department and two leased vehicles from the state Motor Pool.

DP 5011 - Aerial Reconnaissance in Coal Mine Inspection - The legislature provided state special revenue authority to provide thirty hours of helicopter flight time and GPS, computer, and camera services by contracted individuals for the inspection program. This would provide electronically documented landscape references or standards for comparison between pre-mine and reclamation landscapes for future administrative and regulatory purposes.

DP 5012 - Hard Rock & MFSA Projects-RST/BIE - The legislature approved \$3,061,131 in FY 2008 and \$3,091,131 in FY 2009 of restricted biennial state and federal special revenue for projects administered by the Hard Rock and Major Facility Siting Act (MFSA) Programs and associated indirect costs. This would allow the department to:

- Utilize proceeds from the sale of general obligation bonds to conduct mine reclamation
- Expend proceeds from forfeited bonds or settlement agreements for reclamation on related sites
- Remediate mine sites with federal funds from the Bureau of Land Management and the US Forest Service
- Collect major facility siting act (MFSA) fees to complete siting certification review

DP 5015 - Industrial Wastewater Operator Cert BIE/OTO - The legislature granted a biennial one-time only appropriation to examine wastewater certification categories, develop new categories, and develop corresponding prescriptive industrial wastewater exams and study materials.

DP 5016 - High Strength Wastewater Standards BIE/OTO - The legislature included spending authority to prepare a new circular or addition to DEQ-4 on non-residential strength wastewater treatment. Existing standards only pertain to residential strength wastewater and are inadequate for non-residential strength wastewater facilities, such as food processing or packaging facilities, restaurants, laboratories, and RV dump stations. The program would contract with an outside consulting firm to research and prepare the document.

DP 5017 - Subdivision Training IT - The legislature included funding to continue subdivision activities started in the 2007 biennium. This includes utilizing outside contractors to perform simple reviews, thereby freeing program staff to concentrate on performing the more difficult reviews within the mandated timeframes. The department also started developing internet-based training to educate individuals in the subdivision application process.

DP 5019 - Subdivision Grants to Counties - The legislature provided \$243,000 of state special revenue authority each year of the 2009 biennium for increased payments to counties that perform contracted subdivision reviews.

DP 5024 - Brownsfields Grant BIEN - The legislature provided biennial federal authority to expend an awarded Brownsfield response grant. This would be used to establish and enhance the Hazardous Waste Section brownfields response program. Projects funded by the grant would include contaminated site inventories; all publicly available geographic information system (GIS) mapping systems; inventorying hazardous school laboratory chemicals; and school lab safety training for middle and high school science teachers and administrators.

DP 5026 - Permitting & Compliance Division Base Adjustments - The legislature provided approximately \$1.2 million each year of the biennium of all fund types to restore the base operating budget for the division. The base adjustment is attributed to the following areas.

- \$104,000 per year for operating costs not expended due to vacancies
- \$148,000 per year of contracted services costs for delayed contracting due to vacancies
- \$355,000 per year to annualize the operator reimbursement program and the junk vehicle grant program to historical levels
- \$366,000 per year for indirect adjustments to account for vacant positions and the proposed change in indirect calculations
- \$215,000 to restore authority associated with a missed year end accrual

DP 5027 - On-site Wastewater Operator Certification OTO/BIE - The legislature included restricted one-time only state special revenue to develop an operator certification program for on-site wastewater treatment systems in accordance with 37-42-101, MCA. An on-site public wastewater system would be any system that serves 25 or more people daily or has 15 or more service connections and consists primarily of a septic tank and underground drain field.

DP 5028 - Air Regulatory Assistance RST/OTO/BIEN - The legislature provided state special revenue to contract for permit application review, permit writing, preparation of environmental reviews required under the Montana Environmental Policy Act, and compliance activities to assure that permit conditions and other applicable requirements are being met.

DP 6015 - State Motor Pool Rate Change - The funding for vehicle rentals and leases from the State Motor Pool was reduced from the level requested by the Governor.

New Proposals

New Proposals										
Program	FTE	Fiscal 2008				Fiscal 2009				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5013 - MFSA/MEPA FTE										
50	1.00	0	75,679	0	75,679	1.00	0	71,865	0	71,865
DP 5014 - Subdivision Review FTE										
50	2.00	0	162,416	0	162,416	2.00	0	159,242	0	159,242
DP 5020 - Coal Bed Methane Compliance Monitoring FTE										
50	2.00	0	0	250,385	250,385	2.00	0	0	238,127	238,127
DP 5021 - METH Staff - Re-Instate FTE										
50	1.50	73,927	0	0	73,927	1.50	73,982	0	0	73,982
DP 5029 - Swift Gulch Drainage System OTO/BIE										
50	0.00	500,000	0	0	500,000	0.00	0	0	0	0
DP 5055 - Funding switch for Coal & Uranium Permitting										
50	0.00	0	250,000	(250,000)	0	0.00	0	250,000	(250,000)	0
DP 5060 - Gray Water Permit										
50	0.00	0	10,000	0	10,000	0.00	0	0	0	0
DP 5065 - Increased County Junk Vehicle Payments										
50	0.00	0	171,397	0	171,397	0.00	0	173,593	0	173,593
DP 5070 - RIT Funding Reductions										
50	0.00	0	(87,930)	0	(87,930)	0.00	0	(87,930)	0	(87,930)
DP 6013 - 2009 Biennium Pay Plan - HB 13										
50	0.00	18,730	224,058	114,818	357,606	0.00	43,449	512,512	257,970	813,931
DP 6014 - Retirement - Employer Contributions - HB63 & HB131										
50	0.00	658	7,186	3,648	11,492	0.00	717	7,477	3,768	11,962
Total	6.50	\$593,315	\$812,806	\$118,851	\$1,524,972	6.50	\$118,148	\$1,086,759	\$249,865	\$1,454,772

DP 5013 - MFSA/MEPA FTE - The legislature provided state special revenue for 1.00 FTE for Major Facilities Siting (MFSA) projects and Montana Environmental Policy Act (MEPA) analysis.

DP 5014 - Subdivision Review FTE - The legislature included 2.00 FTE and corresponding operating expenses to provide resources to increase turnaround time on plan reviews. One FTE, a hydro-geologist specializing in water availability issues, to be located in Helena, the other FTE, a professional engineer, located in a field office.

The following information was utilized as part of the legislative decision making process, and will be used for ongoing program evaluation. It was submitted by the agency, edited by LFD staff for brevity and to include any legislative changes.

Justification: The number of heavy workload subdivision applications exceeding 100 lots increased by 400 percent last year. These larger, more complicated subdivisions require more information to be submitted by professional engineers, which must be reviewed by professional engineers.

Goals: To improve customer service with faster turn-around time on the review and approval of subdivision applications and provide a more detailed consideration of water impacts.

Performance Criteria: The main criteria that can be tracked are the time it takes to review and approve applications and the number of applications each reviewer has to work on. Assuming that the level of subdivision activity remains relatively stable, the time to review an application should be reduced from the current 60 days to 50 days or less within one year of hiring the FTEs. New rules and guidelines for water availability should be ready within 12 months..

Milestones: Both positions are currently being advertised and were expected to be filled by October 1, 2006

FTE: Professional Engineer – this position will be responsible for full file review. Senior hydrogeologist – this position will be responsible for developing standards, writing new rules, doing water related research for new rules, and reviewing water availability information for subdivision applications.

Funding: Both positions will be funded by fees.

Obstacles: At this point there are no obstacles unless qualified applicants are not available.

Risk: If this proposal is not approved file review times will continue to meet or exceed the 60 day statutory time period. Standards will not be developed for water related review issues and the existing staff may make mistakes in determining if adequate water is available for subdivisions.

DP 5020 - Coal Bed Methane Compliance Monitoring FTE - The legislature provided 2.00 FTE federal special revenue to assist with energy related development. This includes developing discharge permits under the Water Quality Act related to coal bed methane and monitoring the compliance of such permits.

DP 5021 - METH Staff - Re-Instate FTE - The legislature approved 1.50 FTE and general fund authority for the methamphetamine cleanup program authorized by the 2005 Legislature in HB 60.

DP 5029 - Swift Gulch Drainage System OTO/BIE – HB 2 includes \$500,000 of general fund authority for the 2009 biennium to be used to design and construct a semi-passive treatment system for the Swift Gulch drainage northwest of the Zortman-Landusky (Z/L) mine site in Eastern Montana. The ponds would allow for settling of metallic precipitates from the water, but the treatment system would remove iron from the water. Because of the remoteness of the location and the lack of electricity, the treatment system must rely on gravity and water flow.

DP 5055 - Funding switch for Coal & Uranium Permitting - The legislature provided the authority for the fiscal impact of HB 688. HB 688 bill directs \$250,000 of the coal severance tax into a new state special revenue account for coal and uranium mine permitting and reclamation program. A subsequent reduction is made to federal special revenue of the same amount.

DP 5060 - Gray Water Permit - The legislature included the fiscal impact of HB259, Gray Water Permit. This funding will allow for contracted services to complete rules and design standard for gray water re-use.

DP 5065 - Increased County Junk Vehicle Payments - The legislature included the funding for fiscal impact of the passage and approval of SB 261. SB 261 increased the grant amounts to the counties for the junk vehicle program.

DP 5070 - RIT Funding Reductions - The legislature approved a reduction to hazardous waste and reclamation and development funds to adjust expenditures to align with revenues.

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in FY 2008 and an additional \$36 per month in FY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement - Employer Contributions - HB63 & HB131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Leg. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Leg. Budget Fiscal 2009	Total Leg. Budget Fiscal 08-09
FTE	6.00	0.00	0.00	6.00	0.00	0.00	6.00	6.00
Personal Services	293,339	14,540	10,338	318,217	15,727	23,447	332,513	650,730
Operating Expenses	326,594	37,114	0	363,708	38,213	0	364,807	728,515
Total Costs	\$619,933	\$51,654	\$10,338	\$681,925	\$53,940	\$23,447	\$697,320	\$1,379,245
State/Other Special	619,933	51,654	10,338	681,925	53,940	23,447	697,320	1,379,245
Total Funds	\$619,933	\$51,654	\$10,338	\$681,925	\$53,940	\$23,447	\$697,320	\$1,379,245

Program Description

The Petroleum Tank Release Compensation Board is attached to the department for administrative purposes. The purpose of the board is to administer the petroleum tank release cleanup fund. This includes reimbursement to petroleum storage tank owners and operators for corrective action costs and compensation paid to third parties for bodily injury and property damage resulting from a release of petroleum from a petroleum storage tank. The board has a staff of 6.00 FTE.

Program Highlights

Petro Tank Release Compensation Board	
Major Program Highlights	
◆	The legislature approved a base adjustment to cover increased travel, subrogation costs, and indirect charges
◆	Statewide adjustments and the pay plan make up the remaining increases

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as adopted by the legislature.

Program Funding Table Petro Tank Release Comp.						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
02000 Total State Special Funds	\$ 619,933	100.0%	\$ 681,925	100.0%	\$ 697,320	100.0%
02058 Petroleum Storage Tank Cleanup	619,933	100.0%	681,925	100.0%	697,320	100.0%
Grand Total	\$ 619,933	100.0%	\$ 681,925	100.0%	\$ 697,320	100.0%

The program is funded solely through a portion of the \$0.0075 fee on gasoline, diesel, heating oil, and aviation fuel distributed in Montana.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget approved by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----						-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					27,370					28,604
Vacancy Savings					(12,830)					(12,877)
Inflation/Deflation					46					71
Fixed Costs					(13,320)					(13,032)
Total Statewide Present Law Adjustments					\$1,266					\$2,766
DP 9001 - PTRCB Operations Adjustment	0.00	0	50,388	0	50,388	0.00	0	51,174	0	51,174
Total Other Present Law Adjustments	0.00	\$0	\$50,388	\$0	\$50,388	0.00	\$0	\$51,174	\$0	\$51,174
Grand Total All Present Law Adjustments					\$51,654					\$53,940

DP 9001 - PTRCB Operations Adjustment - The legislature included state special revenue of \$50,388 in FY 2008 and \$51,174 in FY 2009 for increased legal costs associated with claim subrogation, increased travel, and indirect charges. Authority for legal services increases by 15 percent to \$250,000 annually, in order to keep pace with rising subrogation costs. The cost of subrogation the last six years has been \$706,080 and corresponding collections have been \$1,305,039.

New Proposals

New Proposals										
-----Fiscal 2008-----						-----Fiscal 2009-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 6013 - 2009 Biennium Pay Plan - HB 13										
90	0.00	0	9,987	0	9,987	0.00	0	23,082	0	23,082
DP 6014 - Retirement - Employer Contributions -HB63 & HB 131										
90	0.00	0	351	0	351	0.00	0	365	0	365
Total	0.00	\$0	\$10,338	\$0	\$10,338	0.00	\$0	\$23,447	\$0	\$23,447

DP 6013 - 2009 Biennium Pay Plan - HB 13 - The legislature passed a pay plan (HB 13 of the 2007 regular session) that provides an additional 3.0 percent in FY 2008 and FY 2009, a 0.5 percent increase in the 10-year longevity increment, an additional 0.6 percent discretionary allocation, as well as an additional \$33 per month in health insurance contribution in FY 2008 and an additional \$36 per month in FY 2009. These amounts represent this program's allocation of costs to fund this pay plan.

DP 6014 - Retirement - Employer Contributions -HB63 & HB 131 - The legislature adopted HB 63 and HB 131, which increase the employer contribution to retirement systems. The amounts shown represent this program's allocation of costs to fund this increased contribution.

Language

"The department is appropriated up to \$250,000 of the funds recovered under the petroleum tank compensation board subrogation program in the 2009 biennium for the purpose of paying contract expenses related to the recovery of funds."